

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-10 ISO-00 HEW-04 COME-00 OES-07  
CIAE-00 DODE-00 INR-07 NSAE-00 PA-01 USIA-06  
PRS-01 SP-02 L-03 /050 R

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EB/OT/GCP:D FINNERTY (SUBS)  
ARA/MEX:E BITTNER  
EB/IFD/OIA:D GRANT

-----083047 061303Z /41

R 052116Z JAN 78  
FM SECSTATE WASHDC  
TO AMEMBASSY MEXICO

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E.O. 11652: N/A

TAGS: ECEM, EINV, MX

SUBJECT: PROBLEMS OF US PHARMACEUTICAL FIRMS IN MEXICO

1. JAY KINGHAM AND MATTHEW PERRY, REPRESENTATIVES OF THE  
US PHARMACEUTICAL MANUFACTURERS' ASSOCIATION (PMA) MET WITH  
DEPARTMENT OFFICERS ON JANUARY 4 TO DISCUSS PROBLEMS FACING  
US DRUG COMPANIES IN MEXICO. ACCORDING TO PMA REPS, 26  
AMERICAN FIRMS CURRENTLY HAVE OPERATIONS IN MEXICO WITH  
INVESTMENTS TOTALLING SOME 200 MILLION DOLLARS.

2. PMA CONCERNED THAT CONTINUING PUBLIC DENUNCIATIONS OF  
FOREIGN DRUG FIRMS 3Y GOM CABINET SECRETARIES AND OTHERS AS  
WELL AS OTHER MANEUVERS BY GOM ARE LEADING UP TO SWEEPING  
GOM ACTION WHICH WILL HAVE VERY SERIOUS CONSEQUENCES FOR  
DRUG INDUSTRY. RUMORED ACTION WHICH PMA REPS FEAR IS A GOM  
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DECREE WHICH WILL (1) BRING THE DRUG INDUSTRY UNDER THE  
MEXICANIZATION REQUIREMENTS OF THE "FOREIGN INVESTMENT LAW"  
(AT PRESENT ONLY ONE OF THE 26 US FIRMS HAS ANY LOCAL  
CAPITAL PARTICIPATION), (2) PROHIBIT THE USE OF TRADEMARKS  
FOR CERTAIN TYPES PHARMACEUTICALS PURSUANT TO ARTICLE 125  
OF THE MEXICAN LAW ON INVENTIONS AND TRADEMARKS, AND (3)  
PROVIDE FOR GOVERNMENT CONTROL OF RAW MATERIAL IMPORTS IN

THE PHARMACEUTICAL INDUSTRY.

3. GOM DECREE ALONG ABOVE LINES WOULD HAVE SEVERE NEGATIVE IMPACT ON FOREIGN DRUG FIRMS OPERATING IN MEXICO, ESPECIALLY ON US FIRMS WHICH HAVE MADE MAJOR INVESTMENTS OVER PAST DECADES. PMA REPS CLAIM THAT, WERE IT NOT FOR GOM HOSTILITY, SOME US FIRMS COULD BE WILLING TO INVEST EVEN FURTHER IN BASIC PHARMACEUTICAL PRODUCTION, THEREBY LESSENING THE NEED FOR EXPENSIVE IMPORTS.

4. IN ORDER TO IMPROVE STANDING OF US FIRMS WITH MEXICAN AUTHORITIES, PMA NOW PLANNING TO UNDERTAKE AN INTENSIVE IMAGE-IMPROVEMENT CAMPAIGN AIMED AT MEXICAN POLICY MAKERS. IN THIS REGARD, KINGHAM PLANNING VISIT TO MEXICO BEGINNING WEEK OF JANUARY 15 AND WILL CONTACT E/C COUNSELLOR HAYNE TO DISCUSS SITUATION. ADDITIONAL BACKGROUND INFORMATION PROVIDED BY PMA IS BEING FURNISHED TO EMBASSY, ATTENTION MR. HAYNE.

5. EMBASSY REQUESTED TO ASSIST KINGHAM AS APPROPRIATE AND TO BE ALERT FOR AND REPORT URGENTLY ON ANY MAJOR DEVELOPMENTS IN THE PHARMACEUTICAL SECTOR. FYI: IN INFORMAL COMMENT TO DEPARTMENT TRADE OFFICIALS AFTER NOVEMBER 10 BILATERAL DISCUSSIONS, MEXICAN UNDERSECRETARY WARMAN INDICATED THAT POLICY DECREES SIMILAR TO THE RECENT AUTOMOTIVE DECREE COULD BE EXPECTED FOR OTHER SECTORS, LIMITED OFFICIAL USE

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INCLUDING THE PHARMACEUTICAL INDUSTRY. CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DRUGS, TRADE COMPLAINTS  
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**Enclosure:** n/a  
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**Review Markings:**  
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